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AMEMBASSY BOGOTA PRIORITY
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AMEMBASSY MEXICO PRIORITY
AMEMBASSY PORT OF SPAIN PRIORITY
AMEMBASSY QUITO PRIORITY
AMEMBASSY SANTIAGO PRIORITY
CDR USSOUTHCOM MIAMI FL PRIORITY

UNCLAS LIMA 000478

STPDTS

## SENSITIVE

E.O. 12958: N/A

TAGS: PREL ETRD ECON PE CH

SUBJECT: CHINESE VICE PRESIDENT ZENG QINGHONG'S VISIT TO

PERU

Sensitive But Unclassified, Please Handle Accordingly

- 11. (U) Chinese Vice President Zeng Qinghong, accompanied by a delegation of 124 persons, paid an official visit to Peru on January 26 to 28. The visit here was the second leg of a five-nation sojourn within Latin America and the Caribbean, which also includes Mexico, Venezuela, Trinidad and Tobago, and Jamaica.
- 12. (U) At a meeting with the Chinese Vice President on 1/27, President Toledo expressed his satisfaction with Peru-China relations, saying ties were at their highest point in history, thanks to the broad consensus that Toledo had arrived at with Chinese President Hu Jintao. Toledo praised the two countries' good political relations and close economic ties, said that Peru recognizes China's full market economy status, and reiterated Peru's adherence to a "One-China" policy. Toledo called for expanded cooperation in the fields of infrastructure and tourism, and invited Chinese businessmen to invest in Peru. In his turn, Zeng Qinghong voiced appreciation for Peru's support regarding Taiwan and on human rights issues. Zeng noted that China was Peru's second largest trading partner and third largest market, and that Peru ranks second in terms of Chinese investment in Latin America.

  13. (U) After their meeting, the two leaders participated in
- ¶3. (U) After their meeting, the two leaders participated in the signing of eight cooperation agreements. These included a mutual legal assistance treaty, and agreements on economic and technological cooperation, tourism, investment and energy. The GOP gave particular emphasis to the signing of an MOU making Peru an official tourist destination for China, which is projected to immediately increase the number of Chinese visitors here annually from 4,000 to 40,000.
- 14. (U) During his visit, Zeng Qinghong also met with the Foreign Ministers of the Andean Community (Peru, Venezuela, Ecuador, Colombia and Bolivia). This encounter was described as the highest-level meeting since China and the Andean Community signed a 2000 agreement establishing a Political Consultation and Cooperation Mechanism. Zeng and the Foreign Ministers reviewed political, economic and social relations. The Andean Ministers endorsed China's "peaceful reunification" and "one country, two systems" policies. The two sides also identified trade, investment, natural resources, technology, environment, sustainable development and fighting illicit drug trafficking as priority areas for future cooperation.
- 15. (SBU) COMMENT: President Toledo was clearly pleased with the opportunity that Zeng's visit gave him to rise above the wearying day-to-day political fray here, and announced that he had accepted an invitation for an official visit to China in May. Embassy has requested meetings with Foreign Ministry and Chinese Embassy reps to discuss the impact of Zeng's visit, and we will report further septel. Future reporting

will also assess the impact that increased Chinese tourism here might have on alien smuggling to the U.S.  $\ensuremath{\text{CAULFIELD}}$ 

NNNN